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D. Peoman

SECURITY STATE BANK

September 19, 2005

232 Main Street • P. O. Box 188
Wanamingo, MN 55983-0188
Phone (507) 824-2265 Fax (507) 824-2860

2005 SEP 23 AM 9 57

FDIC – San Francisco Regional Office
Regional Director John F. Carter
22 Jessie Street at Ecker Square, Ste. 2300
San Francisco, CA 94105

Dear Mr. Carter:

Security State Bank of Wanamingo is pleased to have the opportunity to comment on the Wal-Mart application for FDIC insurance. Security State Bank of Wanamingo strongly opposes Wal-Mart's application for FDIC insurance because Wal-Mart's entry into banking would be an inappropriate mixing of business and commerce, which would not serve the best interests of the public.

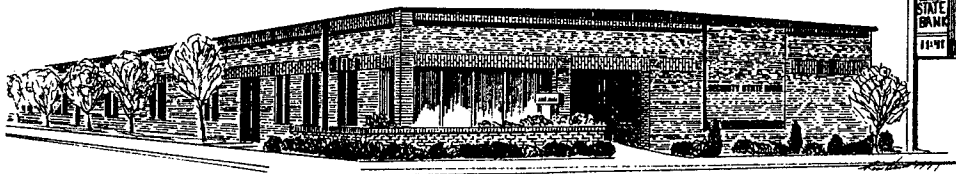
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Banking and Commerce Should Not Mix

Our banking laws have a long history of separating banking and commerce for two important reasons. First, a commercial retail enterprise that also runs a bank would put that bank at risk if the commercial entity has financial problems. It is not appropriate to put the federal deposit insurance funds at risk because a commercial entity was poorly managed. A strong separation of commerce and banking ensures that all banking institutions are primarily focused on the management of the financial institution.

Second, financial institutions should not use the financial services business, which consumers and business customers need in today's world, to sell commercial products. It is anti-competitive for both financial institutions and retailers if a retailer owning a bank could offer financial products and retail products. For example, suppose the retailer's bank could give discounts on its retail products and services to everyone who opens a checking account with the retailer's bank. That ability to combine banking and commerce would put both bank competitors and retail competitors at an inappropriate disadvantage.

Wal-Mart's application threatens our long history of separating banking and commerce. Unfortunately, given Wal-Mart's size, it is the absolute worst-case scenario. This



application is not about a small commercial entity attempting to establish a small financial company. It is about a behemoth commercial operation attempting to establish a huge financial company, significantly exacerbating the concerns about combining banking and commerce.

We question whether the existing regulatory oversight rules would give any federal agency enough authority to thoroughly review the operations of the parent commercial entity. Do current federal laws and regulations give the agencies sufficient guidance and opportunity to review Wal-Mart's operations? Do the agencies have experience at analyzing that type of company? Unless the agencies are certain they could regulate both the parent commercial entity and the bank, there is a huge risk to the insurance funds and the integrity of the financial system.

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One could argue that competition is a good thing – that a nationwide Wal-Mart Bank would mean prices will be lower for consumers. Lower prices are certainly possible in the short term, though most banks already offer low or no-cost deposit and checking products. As has happened in the past, prices could go back up once the competition is put out of business. Just the perception that costs are lower at Wal-Mart could be enough to reduce the number of banks and as the number of banks shrinks, so does the amount of choices available to consumers. Choice is extremely important in banking, even more so that with the clothing retailers and flower shops which have been put out of business. It's nice to have a choice in shirts and flowers, but it is even more important to have a choice in financial services. If Wal-Mart manages to shut down local banks, there would be fewer places to get a mortgage or a car loan.

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Sincerely,

A handwritten signature in cursive script, reading "Charles V. Blastervold".

Charles V. Blastervold
President

September 19, 2005

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Regional Director John F. Carter
22 Jessie Street at Ecker Square, Ste. 2300
San Francisco, CA 94105

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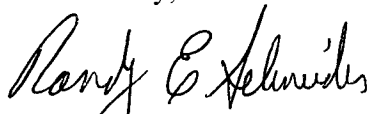
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Sincerely,

A handwritten signature in cursive script, reading "Randy E. Schneider".

Randy E. Schneider
Commercial Loan Officer

September 19, 2005

2005 SEP 27 AM 9 55

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Regional Director John F. Carter
22 Jessie Street at Ecker Square, Ste. 2300
San Francisco, CA 94105

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Sincerely,

A handwritten signature in cursive script that reads "Nancy Benrud".

Nancy Benrud
Loan Officer



www.ssbhibbing.com

September 22, 2005

FDIC - San Francisco Regional Office
Regional Director John F. Carter
22 Jessie Street at Ecker Square, Ste. 2300
San Francisco, CA 94105

Re: Wal-Mart Insurance Application

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Wal-Mart Insurance Application

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Sincerely,

A handwritten signature in cursive script, appearing to read "Michael W. Bresnahan".

Michael W. Bresnahan
Chief Financial Officer / Cashier

September 19, 2005

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Regional Director John F. Carter
22 Jessie Street at Ecker Square, Ste. 2300
San Francisco, CA 94105

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A handwritten signature in black ink, appearing to read "Dennis K Kasper", with a long horizontal flourish extending to the right.

Dennis K Kasper
Sr. Ag Loan Officer

September 19, 2005

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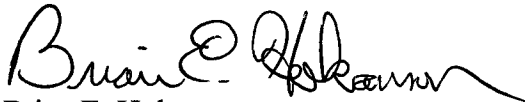
Impact on Federal Deposit Insurance Funds

Federally insured deposits have increased over the past few years. Much of that increase was from new, large depositories. These new financial institutions have never paid insurance premiums for their federal deposit insurance coverage, but they are enjoying the benefits of deposit insurance. That situation is not fair to all the banks that did have to pay a lot of money to capitalize the funds. Adding another new, huge financial institution that will benefit from federal deposit insurance, without paying for it, is just plain wrong.

Summary

Our nation has a long-standing policy of separating banking and commerce, which Congress confirmed in 1999 with the Gramm-Leach-Bliley Act. The risks associated with changing that policy are very real. Because Wal-Mart is such a huge entity, those risks are increased significantly. Security State Bank of Wanamingo urges the FDIC to reject Wal-Mart's application for federal deposit insurance. If you have any questions or comments, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian E. Hokanson", with a stylized flourish at the end.

Brian E. Hokanson
Vice President